

**POLICE SERVICE OF
NORTHERN IRELAND**

**Accounts for the Police Property Fund
For the year ended 31 March 2011**



The Accounting Officer authorised these
financial statements on behalf of the
Northern Ireland Policing Board for issue

on

30 June 2011

Laid before the Northern Ireland Assembly under Section 12 (3) of Part 2 to the
Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act
2003 and Northern Ireland Act 1998 (Devolution of Policing and Justice Functions)
Order 2010

on

01 July 2011

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ANNUAL REPORT

FOREWORD

Background Information

The Police (Northern Ireland) Act 2000 and subsequent amendments in the Police (Northern Ireland) Act 2003, made specific provision about policing in Northern Ireland. Section 12(4) of the Act, as amended by Section 7 of the 2003 Act, refers specifically to the requirement for the Chief Constable to submit the statement of accounts to the Northern Ireland Policing Board (in regard to amounts put at disposal of the Chief Constable by the Policing Board) within such period after the end of the financial year 2010-11 to which they relate as the Department of Justice may determine. This is to allow the Policing Board to meet its own specific requirements under Section 12(1) (a) of the Act.

Principal activities

The Police Service of Northern Ireland (PSNI) exists to work with communities and partners to make Northern Ireland safe, confident and peaceful. It aims to do this by working closely with, and in, the whole community. The key themes, which continually drive forward the development of policing services, are partnership and co-operation, both with the community served and with other agencies in the private, public and voluntary sectors. This is all done against a background of ongoing change and improvements and with a determination to make best use of finite resources, whether financial or human, to provide the best value services possible.

The Police Property Fund is a separate fund, administered by the PSNI and established by regulations under Section 2 of the Police (Property) Act 1987, which comprises unclaimed receipts arising from criminal investigations by the PSNI, which the Policing Board donate to charities.

Accounts Direction

The Annual Report and Accounts for 2010-11 have been prepared in a form directed by the Department of Justice in accordance with Section 12 (3) of Part 2 to the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

Devolution of Policing and Justice Functions

On 12 April 2010, justice functions in Northern Ireland were devolved to the Northern Ireland Assembly and the Department of Justice came into existence as a new Northern Ireland Department. From this date, the PSNI became an executive non-departmental public body of the Department of Justice.

In accordance with the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the annual report and accounts of the PSNI for the year ended 31 March 2011 and onwards, will be laid in the Northern Ireland Assembly.

During the period up to 12 April 2010, the PSNI complied with the corporate governance and accountability framework arrangements (including *Managing Public Money*) issued by HM Treasury and the Northern Ireland Office.

ANNUAL REPORT (CONTINUED)

From 12 April 2010 onwards, the PSNI complied with the corporate governance and accountability framework arrangements (including *Managing Public Money Northern Ireland*) issued by the Department of Finance and Personnel and Department of Justice.

ANNUAL REPORT (CONTINUED)

Chief Officers

The Chief Officers who served throughout the 2010-11 year were as follows:

Chief Constable
Matt Baggott

Deputy Chief Constable
Judith Gillespie

Assistant Chief Constable Crime Operations
Drew Harris

Assistant Chief Constable Operational Support
Duncan McCausland (retired 31 March 2011)

Assistant Chief Constable Criminal Justice
Will Kerr

Assistant Chief Constable Rural Region
Dave Jones

Assistant Chief Constable Urban Region
Alistair Finlay

Director of Finance & Support Services
David Best

Director of Human Resources
Joe Stewart

Further details are provided in the Main Annual Report and Accounts of PSNI.

ANNUAL REPORT (CONTINUED)

Corporate Governance

Corporate Governance within PSNI is structured on a committee model, reporting to the Chief Constable's Forum (CCF), re-named the Service Executive Board (SEB) from April 2011, comprised of all Chief Officers and chaired by the Chief Constable.

Each sub committee of the SEB consists of relevant Chief Officers and other members of the Senior Management Team. These committees provide a conduit through which major policy decisions are formulated and responsibility is exercised for specific aspects of governance within the PSNI.

The key sub committees supporting the CCF during the year were:

- Audit and Risk Committee;
- Delivery Forum;
- Resource, Demand & Risk Committee;
- Organisational Improvement Committee;
- Strategic Tasking & Coordinating Group.

Beneath this structure are four programme boards:

- Leadership and Training;
- Security and Serious Harm;
- Local Crime and Justice;
- Service Excellence.

The role of the Audit and Risk Committee is to advise the Chief Constable on the adequacy of internal control arrangements including risk management, information assurance and governance. This committee currently includes three Non-Executive Members, one as Chair, with Internal and External Audit, the Policing Board and the Department of Justice invited to attend.

Company directorships

Chief Officers held no company directorships or other significant interests which conflict with their management responsibilities.

Non Current Assets

The Police Property Fund has no non current assets.

Research and development

The Police Property Fund has no activities in the defined field of research and development.

Interest rate and currency risk

PSNI has no borrowings, relying primarily on Departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits. As all

ANNUAL REPORT (CONTINUED)

significant assets and liabilities are determined in sterling, it is not exposed to material interest rate risk or currency risk.

Future developments

There are no plans to significantly develop the activities or scope of the Police Property Fund.

Charitable donations

No political donations were made during the year. On the direction of the Northern Ireland Policing Board, no charitable donations were made during the Year (2009-10: £26,128) all items are detailed in Note 2 page 23.

Disabled persons

PSNI is an equal opportunity employer and took full cognisance of the Northern Ireland Civil Service Code of Practice on the employment of people with disabilities.

Employee involvement

PSNI maintains regular communications and contact with managers and staff through meetings, team briefings, internal blogs, intranet, seminars, circulars, information bulletins and staff newsletters. It also has well established arrangements for formal consultation with recognised Trade Union representatives on all significant developments and issues affecting staff.

Health and safety

PSNI is committed to providing for staff an environment that is as far as possible safe and free from risk to health. In line with this commitment, PSNI has complied with the relevant legislation.

Payment of suppliers

Payments for the Police Property Fund are made through the PSNI. The PSNI's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier.

Monthly statistics highlight that the PSNI consistently achieved more than 90% of payments to suppliers within 10 working days during the financial year. In terms of the overall performance for 2010-11, 89.5% (83% 2009-10) of invoices were paid within 10 working days following receipt of a properly rendered invoice.

ANNUAL REPORT (CONTINUED)

Pension liabilities

The pension liabilities of Police Officers are accounted for separately in the PSNI Police Pension Accounts. Pension benefits and liabilities for Police Staff are provided through the Principal Civil Service Pension Scheme (NI).

Audit services

Prior to the devolution of policing and justice functions in Northern Ireland, the Financial Statements were audited by the Comptroller and Auditor General (who heads the National Audit Office) and reported to Parliament. Financial statements for 2010-11 onwards are audited by the Comptroller and Auditor General for Northern Ireland (C&AG), who heads the Northern Ireland Audit Office and is appointed by statute and reports to Northern Ireland Assembly. His certificate and report is produced at pages 15 to 16.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The audit fee for the work performed by the staff of the C&AG during the reporting period, and which relates solely to the audit of these Financial Statements, was £2,500 (2009-10 £3,000). Audit charges for 2009-10 include additional costs for the audit of the implementation of International Financial Reporting Standards.

The C&AG may also undertake other statutory activities that are not related to the audit of the body's Financial Statements such as Value for Money reports. No such activity took place during the year.

Chief Constable's Annual Report

A full certified copy of the Annual Report and Accounts will be available on the PSNI's website (www.psni.police.uk).

MANAGEMENT COMMENTARY

This Management Commentary focuses on matters relevant to all users of financial statements. Although it is designed to be a self-standing document, much of the information contained in it is simply a summary of information provided in other documents and is therefore cross-referenced as appropriate.

Nature of the business:

The Police Property Fund is a separate fund, administered by the PSNI and established by regulations under section 2 of the Police (Property) Act 1897, which comprises unclaimed receipts arising from criminal investigations by the PSNI, which the Policing Board donate to charities.

ANNUAL REPORT (CONTINUED)

Review of performance and future development:

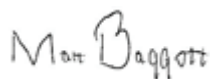
The Statement of Comprehensive Net Expenditure is set out on page 17 and shows a net income of £11,675 (2009-10: net expenditure £17,074). No charitable donations were made during the year. The General Fund increased from £26,313 (31 March 2010) to £37,988 (31 March 2011), which is shown on the Statement of Changes in Taxpayers' Equity on page 20.

Risks and uncertainties:

There are a number of potential risks and uncertainties which could have a material impact on the PSNI's long-term performance. These risks are managed within the PSNI's risk and control framework. Details are provided in the Main Annual Report and Accounts of PSNI.

REMUNERATION REPORT

There are no salaries or pensions paid from the Police Property Fund. Details of the PSNI Chief Officer Salaries and pensions are detailed in the Main Annual Report and Accounts of the PSNI.



**Matt Baggott
Chief Constable
Police Service of Northern Ireland
22 June 2011**

STATEMENT OF RESPONSIBILITIES OF THE CHIEF CONSTABLE

Under Part 2, Sections 12(1), 12(2) and 12(3) of the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003, the Chief Constable of the PSNI required to prepare a statement of accounts on behalf of the Northern Ireland Policing Board, in the form and on the basis directed by the Department of Justice. The annual financial statements are prepared on an accruals basis and must give a true and fair view of the net expenditure, financial position and changes in taxpayers' equity for the financial year and the balances held at the year end.

In preparing the accounts, the Chief Constable of the PSNI is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department of Justice, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclosed and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Accounting Officer for the Department of Justice appointed the Chief Constable of the PSNI Accounting Officer for the Police Property Fund. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the PSNI, are set out in Managing Public Money, Northern Ireland published by the Department of Finance and Personnel (DFP).

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer for the PSNI, I have responsibility for maintaining a sound system of internal control that supports the achievement of PSNI's policies, aims and objectives, set by the Northern Ireland Policing Board, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money, Northern Ireland.

In respect of the reporting period, I am directly accountable to the Accounting Officer of the Department of Justice and may be called upon to appear before the Public Accounts Committee. My responsibilities as Chief Constable and Accounting Officer are set out in the Police (Northern Ireland) Act 2000 and in Managing Public Money (NI) published by the DFP and the Framework Document for Governance of PSNI issued by virtue of Section 27 of the Police (NI) Act 2000.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in PSNI for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

Capacity to handle risk

All Chief Officers and Senior Managers, together with the Audit and Risk Committee, have played an important role in providing leadership to the risk management process. In addition, the Corporate Risk Manager continues to provide training, support and guidance to staff throughout the organisation to ensure that staff are equipped to manage risk.

The risk and control framework

Risk Policy is reviewed annually to ensure that the risk management process is continuously refined and improved. Accordingly a revised Risk Management Policy was issued to the Service on 14 February 2011 by way of a Service Procedure. This document, which published organisational wide explains the underlying approach to risk management and describes the roles and responsibilities of the Chief Constable, Chief Officers and other relevant parties including line management. In addition, it includes details of the monitoring and reporting of risk management arrangements.

STATEMENT ON INTERNAL CONTROL (CONTINUED)

Risk Management is now fully embedded into the organisation with each Department and District actively managing their individual Risk Registers that are linked to the Policing Plan objectives. Most Branches also have Risk Registers. Each register is monitored electronically on the PRiDE (Performance and Risk in Delivering Excellence) system. All control actions are time bound and the PRiDE system automatically generates reminders to risk action owners when an update is required. The Corporate Risk Manager, who provides assistance and guidance to Departmental and District Risk Managers, monitors the effectiveness of these processes and reports findings on a quarterly basis to the Chief Constables Forum and on a semi-annual basis to the Deputy Chief Constable to assist the Chief Officers' Annual Performance Appraisal process. Further assurance was derived from the District 'Control Risk Self Assessment' (CRSA) process that was conducted at the end of 2010. The results of the CRSA showed that all Districts were deemed to be fully compliant with Risk Management processes.

A Corporate Risk Register is actively managed by the Corporate Risk Manager that is designed to capture significant strategic risks facing the organisation during 2010-11. Chief Officers review the Corporate Risk Register on a monthly basis at the Risk Demand and Resourcing (RDR) Committee. The key risk priorities facing the organisation during 2010-11 were in relation to the threat of terrorist attack, recruitment and retention of key investigative staff, funding, legacy investigations and public confidence. The Corporate Risk Manager provides written reports to RDR to inform decision-making and maintains the Corporate Risk Register on behalf of the Chief Constable. The Corporate Risk Manager also briefs the RDR on emerging risks and significant risks arising from Districts and/or Departments.

Stewardship reporting is a key assurance control ensuring accountability, ownership and management of risks throughout the Service. All Chief Officers and Senior Managers sign a Stewardship Statement on a half yearly basis thereby confirming that over the preceding six month period they have reviewed the risk register for their respective areas of responsibility and assessed the management of the risks identified. Stewardship reporting provides assurance that key risks are being managed across the organisation.

Processes to manage operational risks introduced during 2009-10 incorporate the risks identified through the operation of the National Intelligence Model (NIM). These risks are at strategic and tactical levels and continue to provide assurance. NIM control strategies for each priority are aligned with the actions necessary to manage any identified risk.

The terms of reference for the Organisational Improvement Committee (OIC) included a strategic management oversight role in relation to the management of risk registers at District/Departmental level. Trained and qualified staff from within the Planning and Governance Unit have provided ongoing advice and guidance at all levels of the organisation on risk management techniques.

STATEMENT ON INTERNAL CONTROL (CONTINUED)

The PSNI Audit and Risk Committee, chaired by a Non Executive Member, is responsible for providing assurance to the Chief Constable that effective risk management, governance and control arrangements are in place. The Committee receives regular reports on risk management and updates to the Corporate Risk Register. In addition, the Committee also receives regular reports from both Internal and External Audit and from a number of other assurance sources. PSNI is also subject to regular review by Her Majesty's Inspectorate of Constabulary (HMIC) the Criminal Justice Inspectorate for Northern Ireland and other independent monitoring bodies, adding to the Assurance framework.

Overview

The Overview database is now firmly embedded into the organisation which further enhances the overall governance arrangements. The database is used to assign, track and manage the implementation of recommendations arising from third party reports. The Organisational Improvement Committee received reports on the quality and timeliness of the implementation of recommendations throughout the year. An annual report was tabled at the Audit and Risk Committee to provide assurance of the overall management of Overview. This committee also received reports on the progress of Internal Audit recommendations.

As a result of ongoing internal Strategic Review during 2010-11, the Governance Committee structure was reviewed. This will result in a new governance committee structure that will be implemented from the 1st April 2011.

Information Assurance

PSNI continues to implement its current Information Assurance Strategy to protect all of PSNI's information assets, enable secure delivery of operational policing services and inspire public confidence that our information is protected in line with the appropriate standards. The Strategy complies with the Cabinet Office requirements defined in the Security Policy Framework and is aligned with ISO 27001 on Information Security Management. The Strategy is owned by the Senior Information Risk Owner (SIRO) - ACC Operational Support - and implementation progress is monitored by the Information Management Committee chaired by the SIRO. Thirty seven out of a total of fifty one objectives were complete by 31 March 2011 with a further eleven in progress towards completion. The Strategy is currently being reviewed and updated towards 2013 to reflect the changing business requirements of policing and the latest Governmental Policy on Information Assurance.

An information governance structure is well established with a hierarchy of Strategic and Operational Business Owners taking responsibility for effectively managing information risk for their respective systems. The Corporate Information Risk Register is maintained by a dedicated Information Assurance Unit and detailed Risk Treatment Plans are managed through the security accreditation process involving Operational Business Owners. During 2010-11 PSNI achieved all the mandatory targets set by the National Policing Improvement Agency for compliance with national information assurance policy.

STATEMENT ON INTERNAL CONTROL (CONTINUED)

PSNI suffered one breach of sensitive data during the period. This resulted when a member of staff was assaulted and had his briefcase stolen. The circumstances were reported to the Information Commissioner who was content that proportionate controls were in place to protect data. The criminal aspect remains subject to an on-going investigation.

An updated PSNI Information Assurance Policy, supported by twenty-seven detailed information security standards, was published during 2010. At 31 March 2011 forty major information systems were accredited, seventeen were in the accreditation process and a further thirteen are to be progressed during 2011-12. A security culture audit was undertaken with recommendations to be taken forward to enhance and improve information security education, awareness and training throughout the organisation.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the Chief Officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports (and any other external stakeholders including Her Majesty's Inspectorate of Constabulary's (HMIC) and Criminal Justice Inspectorate for Northern Ireland (CJINI) etc). The Chief Officers and the Audit and Risk Committee have advised me on the implications of the result of my review of the effectiveness of the system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

As Accounting Officer I have received reports from the Chair of the Audit and Risk Committee concerning internal control, governance and risk. During the year Deloitte LLP provided an Internal Audit Service in accordance with the standards defined in the Government Internal Audit Manual. They submitted regular reports together with recommendations for improvement. In addition, the Head of Internal Audit has issued an independent opinion on the adequacy and effectiveness of the organisation's system of internal control. Based upon the work Internal Audit have undertaken during the year, they have provided the Chief Constable with a satisfactory level of assurance in relation to risk management, internal control and governance with the exception of a number of specific areas. Firm action has been taken by PSNI to address issues where "Limited" assurance levels on individual reviews were identified.



Matt Baggott
Chief Constable
Police Service of Northern Ireland
22 June 2011

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of the Police Property Fund of the Police Service of Northern Ireland for the year ended 31 March 2011 under the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 as amended by Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Northern Ireland Policing Board, the Chief Constable and auditor

As explained more fully in the Statement of Responsibilities of the Chief Constable, the Northern Ireland Policing Board and the Chief Constable as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 as amended by Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Police Property Fund of the Police Service of Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Police Service of Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)**

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Police Property Fund of the Police Service of Northern Ireland's affairs as at 31 March 2011 and of its net income, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 as amended by Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and directions issued thereunder by the Department of Justice.

Opinion on other matters

In my opinion the information given in the Foreword and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

30 June 2011

POLICE SERVICE OF NORTHERN IRELAND
POLICE PROPERTY FUND FOR YEAR ENDED 31 MARCH 2011

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR
ENDED 31 MARCH 2011**

| | Notes | Year ended 31 March 2011 | Year ended 31 March 2010 |
|----------------------------------|-------|-----------------------------|-----------------------------|
| | | £ | £ |
| EXPENDITURE | | | |
| Other Expenditure | 2 | 1,412 | 26,521 |
| INCOME | | | |
| Income From Activities | 3 | <u>(13,087)</u> | <u>(9,447)</u> |
| NET (INCOME)/ EXPENDITURE | | <u>(11,675)</u> | <u>17,074</u> |

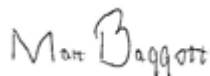
The notes on pages 21 to 25 form part of this account.

**POLICE SERVICE OF NORTHERN IRELAND
POLICE PROPERTY FUND FOR YEAR ENDED 31 MARCH 2011**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

| | | Year ended | Year ended | Year ended |
|--------------------------------|--------------|----------------------|----------------------|---------------------|
| | <u>Notes</u> | <u>31 March 2011</u> | <u>31 March 2010</u> | <u>1 April 2009</u> |
| | | £ | Restated £ | Restated £ |
| CURRENT ASSETS | | | | |
| Trade and Other Receivables | 5 | 41,488 | 29,813 | 43,387 |
| CURRENT LIABILITIES | | | | |
| Trade and Other Payables | 6 | (3,500) | (3,500) | - |
| ASSETS LESS LIABILITIES | | <u>37,988</u> | <u>26,313</u> | <u>43,387</u> |
| TAXPAYERS' EQUITY: | | | | |
| General Reserve | | <u>37,988</u> | <u>26,313</u> | <u>43,387</u> |

The financial statements on pages 17 to 25 were approved and authorised by the PSNI on 22 June 2011 and were signed on its behalf by:



**Matt Baggott
Chief Constable
Police Service of Northern Ireland
22 June 2011**

The notes on pages 21 to 25 form part of this account.

POLICE SERVICE OF NORTHERN IRELAND
POLICE PROPERTY FUND FOR YEAR ENDED 31 MARCH 2011

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

| <u>Notes</u> | <u>Year ended</u> <u>31 March 2011</u> | <u>Year ended</u> <u>31 March 2010</u> |
|---|---|---|
| | £ | £ |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Income/ (Expenditure) | 11,675 | (17,074) |
| (Increase)/Decrease in Trade and Other Receivables | (11,675) | 13,574 |
| Increase in Trade Payables | <u>-</u> | <u>3,500</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents in the period | <u><u>-</u></u> | <u><u>-</u></u> |

The notes on pages 21 to 25 form part of this account.

POLICE SERVICE OF NORTHERN IRELAND
POLICE PROPERTY FUND FOR YEAR ENDED 31 MARCH 2011

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED
31 MARCH 2011**

| | Total £ |
|---|--------------------|
| Balance as at 31 March 2009 (Restated) | 43,387 |
| Changes in Taxpayers' Equity 2009-2010 | |
| Net Expenditure for the year | <u>(17,074)</u> |
| Balance at 31 March 2010 | <u>26,313</u> |
| Changes in Taxpayers' Equity 2010-2011 | |
| Net Income for the year | <u>11,675</u> |
| Balance at 31 March 2011 | <u>37,988</u> |

The notes on pages 21 to 25 form part of this account.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2011**

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the PSNI for the purpose of giving a true and fair view has been selected. The particular policies adopted by the PSNI (for the reportable activity) are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of non current assets at their fair value to the business by reference to their current costs.

1.2 Value Added Tax

Income is shown exclusive of Value Added Tax. Irrecoverable VAT is charged to the relevant payment category.

1.3 Bank

The Police Property Fund has no separate bank account. It utilises the banking arrangements of the PSNI.

1.4 Accounting standards, interpretations and amendments to published standards adopted to the year ended 31 March 2011

The PSNI has reviewed the standards, interpretations and amendments to published standards that became effective during 2010-11 and which are relevant to its operations. The PSNI anticipates that the adoption of these standards will have no material impact on the PSNI's financial position or results of operations.

1.5 Accounting standards, interpretations and amendments to published standards not yet effective

The PSNI has reviewed the additional or revised accounting standards and new (or amendments to) interpretations contained within the *Government Financial Reporting Manual* (FReM) 2011-12 and considers that these changes are not relevant to its operations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2011 or later periods, but which the PSNI has not adopted early. Other than as outlined in the table below, the PSNI considers that these standards are not relevant to its operations.

| Standard | Description of revision | Application date | Comments |
|-----------------|--|---|--|
| IAS 24 | Related Party Disclosures - Revised definition of related parties | Annual periods beginning on or after 1 January 2011 | Inclusion of a partial exemption for government-related entities. Given that the FReM interprets the related party requirements significantly to reduce the disclosure on transactions between public sector entities it is unlikely that this will have significant impact. |

1.6 Prior Year Adjustment

IAS 8: The 2009-10 Statement of financial position was restated to account for monies of £4,862.16 owing to the Home Office. The effect of this is outlined below.

| Police Property Fund: | 2009-10 | 2008-09 |
|---|----------------|----------------|
| | £ | £ |
| Trade and Other Receivables | 34,675 | 48,249 |
| Adjustment for monies owed to Home Office | <u>(4,862)</u> | <u>(4,862)</u> |
| Adjusted Trade and Other Receivables | <u>29,813</u> | <u>43,387</u> |

**POLICE SERVICE OF NORTHERN IRELAND
POLICE PROPERTY FUND FOR YEAR ENDED 31 MARCH 2011**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2011 (CONTINUED)**

2. OTHER EXPENDITURE

| | Year ended <u>31 March 2011</u> | Year ended <u>31 March 2010</u> |
|-------------------------------------|------------------------------------|------------------------------------|
| | £ | £ |
| Charitable Donations | | |
| St John Vianney Youth Club | - | 2,400 |
| The First Step Centre | - | 5,100 |
| New Life Counselling | - | 3,618 |
| The Way Youth Club | - | 1,320 |
| Cookstown & Dungannon Women's Aid | - | 1,200 |
| Road Safety Council NI | - | 950 |
| Craigavon Intercultural Programme | - | 680 |
| Clonard Conservation Group | - | 960 |
| Threshold | - | 1,800 |
| Moyle Gateway Club | - | 1,000 |
| Foyle Search and Rescue | - | 1,800 |
| Belfast Health & Social Care Trust | <u>-</u> | <u>1,800</u> |
| | - | 22,628 |
| Accrued Charitable Donations | | |
| PSNI Community Safety | - | 2,000 |
| Autism | - | 1,000 |
| PSNI Community South Belfast | <u>-</u> | <u>500</u> |
| | - | 3,500 |
| Total Donations | <u>-</u> | <u>26,128</u> |
| Sundry Expenses | <u>1,412</u> | <u>393</u> |
| Total: | <u>1,412</u> | <u>26,521</u> |

There have been no other charitable donations under this category in 2010-11. The nature of the Police Property Fund cannot be divided for the use of segmental reporting.

**POLICE SERVICE OF NORTHERN IRELAND
POLICE PROPERTY FUND FOR YEAR ENDED 31 MARCH 2011**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2011 (CONTINUED)**

3. INCOME FROM ACTIVITIES

| | Year ended 31 March 2011 | Year ended 31 March 2010 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Proceeds from sale of seized and lost property | <u>13,087</u> | <u>9,447</u> |

4. FINANCIAL INSTRUMENTS

In accordance with IAS 39 Financial Instruments, the PSNI has no financial Instruments to report during the financial year 2010-11. This is due to the organisation being essentially a non-trading entity and financed as a Non-Departmental Public body. The PSNI is not exposed to the same degree of financial risk faced by business entities. It has no powers to borrow or invest in surplus funds and has limited year end flexibility. As such, it is exposed to little liquidity, currency or market risks.

| | Year Ended 31 March 2011 | Year Ended 31 March 2010 Restated | Year Ended 1 April 2009 Restated |
|---------------------------------------|-----------------------------|---|--|
| | £ | £ | £ |
| 5. TRADE AND OTHER RECEIVABLES | | | |
| Money due from the PSNI | <u>41,488</u> | <u>29,813</u> | <u>43,387</u> |
| 6. TRADE AND OTHER PAYABLES | | | |
| Money due to the PSNI | <u>3,500</u> | <u>3,500</u> | = |

7 RELATED PARTY TRANSACTIONS

PSNI is a body of constables, funded through the NIPB which is a Non-Departmental Public Body of the DOJ.

The DOJ and NIPB are regarded as related parties.

None of the senior staff of PSNI undertook any transactions with the Police Property Fund during the year.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2011 (CONTINUED)**

8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no material events occurring after the reporting period.

The Annual Report and accounts were authorised by the Chief Constable to be issued on the same day as they were certified by the Comptroller and Auditor General.

